

**VERIFIED MOTION SEEKING TO PRESERVE MY RIGHT FOR DETERMINATION THAT
MY PERSONAL EARN PROGRAM ASSETS RECEIVE THE SAME STANDING AS CUSTODY
ACCOUNTS AND ARE NOT PROPERTY OF THESE ESTATES AND REQUEST FOR
HEARING**

In response to the Debtor's Statement that "the status of the 'Earn' assets is a gating issue that must be resolved," I, Kulpreet Khanuja, pro se Celsius creditor, hereby file the following Motion and Exhibits ("Exhibit A", "Exhibit B" and "Exhibit C"). I respectfully state as follows:

1. I am an account holder at Celsius Network since February 2019. My assets, as of Celsius Network's Bankruptcy filing were in an 'Earn' account. I serve this motion and request a hearing to ensure that my digital assets (Earn program deposits) are deemed my property (property of creditor/customer) and so that my 'Earn' account receives equal standing (seniority/preference) in bankruptcy proceedings with 'Custody' Accounts. My verification below is based on my personal knowledge and my email communications with Celsius.
2. Digital assets in Earn accounts are customer assets. The deposit of digital assets into Celsius' network for earning rewards does not convert these assets into Celsius' assets. Celsius did not treat my deposits of digital assets as a disposal of property or a transfer of title. Instead, I paid taxes on the deposited assets to IRS based on the 1099 forms generated *by Celsius*. This tax treatment demonstrated that I retained ownership of the assets and that I was in constructive receipt of interest paid as it was deposited into my account by Celsius.
 - a) At my account opening in February 2019, there were no separate 'Earn' or 'Custody' wallets but only personal Celsius wallets. *(Please refer to Celsius' emails in Exhibit A).*
 - b) The returns (rewards) on my deposited assets (BTC and ETH) were not exorbitant but rather in the range of 3-6%. Celsius' 'Terms of Use' and web AMAs (Ask Me Anything with CEO) indicated that customer assets can be lent out to carefully vetted over-collateralized institutional borrowers. Based on my understanding, this is similar to Etrade or Fidelity loaning customer shares to institutions (e.g. shortselling) and in the process returning interest on your shares. *(Please refer to Celsius' email in Exhibit A denoting BTC and ETH returns of 4.1% and 4.55% respectively for a sample week).*
 - c) I paid taxes for the rewards earned on the digital assets deposited at Celsius to IRS for tax years 2019-2021. Celsius itself generated 1099 forms for income earned. My Earn assets should not be now treated as Celsius' (estate) assets for settlement and/or distribution while Custody or other accounts are treated as their own assets and given better treatment in these bankruptcy proceedings. *(Please refer to the screenshot of Celsius 2021 Tax 1099 form. Additionally, all Celsius annual 1099 forms and Tax Returns to IRS from 2019-2021 can also be provided, if needed).*
3. To the extent any 'Terms of Use' were updated and modified, these changes were made in an inconspicuous manner. Any such clauses (or change to clauses) with material impact on customers with respect to, for example, use of the assets, or the transfer of ownership to Celsius', or limitations on exercising certain ownership rights were obfuscated and were never expressly or conspicuously disclosed.
 - a) At account opening and initial transfer of our personal digital assets to Celsius Network, 'Terms of Use Version 1' was applicable. The entire 'Terms of Use Version 1' does not have any mention

of transfer of ownership rights to Celsius. In fact, Section 14 is entitled, “Consent to Celsius’s Use of **Your** Digital Assets.” (emphasis added).

- b) Also, the ‘Terms of Use Version 1 paragraph 31’ expressly stated that the notice of changes to the ‘Terms of Use’ would be provided with the specific additions, deletions or subtractions to the ‘Terms of Use’. Celsius did not send me any email for ‘Change in Terms’. Even if it had done so, it would have been imperative to communicate expressly and unambiguously any material changes and to ask the customer to explicitly accept the changed ‘Terms of Use’.
4. I believe I was misled on Celsius’ regulatory compliance and at the time of creation of Custody accounts (April 2022), I was grandfathered into continuing with an Earn account without any option to transfer assets into a Custody account, thus giving Custody account holders an advantage to my detriment. Celsius’ email (April 12, 2022) regarding the upcoming changes to my account failed to mention that I would have less favorable rights than Custody but instead merely advised I was prohibited from transferring my assets to the new Custody account. The emails also do not mention the ‘Cease and Desist’ orders from certain jurisdictions leading to the Custody account creation. the emails did not convey the differences between Earn and Custody accounts or that Earn Accounts have higher risks than Custody accounts or could have lower priority in a bankruptcy proceeding.
- a) On April 12, 2022, I received an email from Celsius regarding upcoming changes to Celsius ‘Terms of Use’, new Custody solution and “how these changes impact you”.
 - b) Celsius’ email indicates that the changes are being made in consultation with United States regulators concerning Earn accounts/product.
 - c) Celsius’ email had a section explaining the impact of the changes (in BOLD) under the heading **“how these changes impact you”**. But the details within the section obfuscate the most material impacts to my Celsius account. There is no mention of any possible impairment of my ownership rights or risks associated with “New Earn Accounts” or how these “New Earn Accounts” would differ from newly-created Custody accounts.
 - d) Celsius’ email also states (in BOLD) that my Celsius account assets are ineligible to be transferred to the new Custody product solely based on my state’s regulatory requirements.
 - (i) The Court now knows that thousands of other Earn accounts similar to mine, but held by residents of other states/jurisdictions, were transferred into Custody. As per Celsius, my account remained in Earn solely per regulatory requirements of my state. It is unconscionable that I may have been burdened with additional risks to the other Earn accountholders whose assets were transferred into Custody.
 - (ii) If there was no explicit approval from Connecticut (tax state on my account) regarding Earn or Custody products, I should have been permitted to withdraw my funds and the account should have moved to “withhold” status in the interim.
 - (iii) It is particularly significant, that many of the other accounts transferred from Earn to Custody were internal Celsius accounts (held by employees, executives, investors, etc.) or people with advance inside knowledge of the financial difficulties at Celsius who wrongfully received and apparently may now be enjoying preferential treatment.
 - e) Celsius’ email further states (in BOLD) that all assets transferred before April 15th will continue to earn rewards. It fails to mention additional risks or subordination due to the newly-created Custody accounts going forward.
 - f) In the April 15, 2022 ‘Terms of Use’ email, it again only mentions that my account will continue to remain in Earn due to limitation in offering Custody based on my state regulations. The email fails to mention the ‘Cease and Desist’ orders from certain jurisdictions or states. The April 15

email implies that changes were made in consultation with regulators which created a misleading and false sense of security to account holders like myself.

- g) The Custody FAQ on Celsius' website also described Custody solution as similar to a typical Earn account/product. *Please refer to the Custody FAQ in the Exhibit B.*
- h) These Celsius emails and 'Terms of Use' clearly indicate that as an account holder, my account was transferred to Earn without any other option provided to us. The emails also fail to disclose any additional risks for Earn accounts over Custody accounts. Also as an Earn account holder for years, I did not undertake any additional risks to the other accountholders whose account were transferred into Custody automatically by Celsius. Finally, as a non-accredited depositor, I should have been made aware of 'Cease and Desist' orders and offered a Custody or Withdrawal option.
- i) *Please refer to Celsius' emails in Exhibit B supporting the above statements.*

5. Argument against 'Terms of Use' implying assets deposited to Celsius Earn program by customers are Celsius' assets.

Celsius inconspicuously inserted clauses in various 'Terms of Use' versions that claim the deposit of assets into Celsius grants Celsius the ownership. Yet there are also contradictory clauses in the Terms of Use (all versions) regarding ownership and withdrawals. Any ambiguity should be construed against Celsius as the drafter.

- a) Celsius' Terms of Use clearly state that customers can withdraw their digital assets at any time. If these were Celsius' assets, these will not be accessible for us to withdraw.
- b) The ability to be able to withdraw our assets and also having paid taxes on the deposited digital assets (based on Celsius generated 1099 forms) clearly demonstrate that the assets were indeed my property. And that I possessed ownership rights and access to these digital assets at all times.
- c) Please refer to the specific paragraph 12 from 'Terms of Use Version 5' pertaining to withdrawals:

"12. Withdrawals

You may make a complete or partial withdrawal of Eligible Digital Assets from your Celsius Wallet at any time. Celsius initiates the withdrawal process immediately following a withdrawal request when possible; however, we may require up to three (3) days after you submit your withdrawal request to process the withdrawal."

- d) Please refer to the specific paragraph 11 from 'Terms of Use Version Apr 14th 2022' pertaining to withdrawals:

11. Withdrawals

Subject to these Terms, for **any of your Eligible Digital Assets** that you elect to utilize in the Earn Service (if available to you), **you have a call option on all loans made to Celsius to demand immediate, complete or partial repayment of any loan at any time** through (i) transfer to a Custody Wallet, if available to you, or (ii) **a complete or partial withdrawal of Eligible Digital Assets from your Celsius Account balance at any time.** Such repayment will terminate in whole or in part your loan to Celsius and you shall no longer accrue Rewards on the amount of loans as of the time of your exercise of the call option. Celsius initiates the withdrawal process immediately following a withdrawal request when possible; however, we may require up to three (3) days after you submit your withdrawal request to process the withdrawal.

6. I believe Celsius may have deliberately delayed withdrawal of funds from my account to my detriment:
- a) On May 6 2022, Unaware of the financial difficulties at Celsius, I approached Celsius support by phone regarding withdrawal of assets and was told I could not do so due to some account details and address verification requirements.
 - i) Celsius customer support solicited me to consider upgrading my account to Accredited Earn from Unaccredited Earn which would allow me to take loans against my assets as opposed to withdrawals. A ticket (request) was created to provide details about Accredited Investor.
 - ii) After speaking with Celsius support on phone, I also sent an email to request account changes that would enable withdrawals.
 - iii) I also sent an email on May 6th to update my personal contact information, including phone number and correspondence address.
 - b) On May 13 2022, I sent latest follow up email to Celsius support regarding the address/phone update request specifically.
 - c) On May 17 2022, Celsius support replied asking for an address proof document. I uploaded the required document same day and received an email from Celsius confirming the same.
 - d) On June 02 2022, Celsius failed to effect the account changes that would enable withdrawals until June 2 2022, almost a month since the original request and more than 2 weeks after I provided my address proof document.
 - e) While the address change request that was preventing withdrawals from my account was delayed from May 6 – June 2, Celsius employees/managers sent me multiple emails soliciting me to become an Accredited Investor with specific steps and services I can use to receive the Accredited certification. These email responses from Celsius employees and their managers were not automated; they were intentional and direct solicitations to upgrade to Accredited Investor status allowing me to take loans against my assets instead of withdrawal or transferring my assets as I had requested.
 - f) I believe Celsius management deliberately and intentionally delayed the update of my account details to prevent me from withdrawing my funds at the time that Celsius was considering bankruptcy, and when insiders were able to make withdrawals.
 - g) *Please refer to the emails with Celsius support regarding above communication in Exhibit C.*
7. The emails attached hereto as Exhibits A, B and C are a true and correct copy of the notices and/or communication with Celsius Network Limited.

Reservation of Rights

I, as Movant/Declarant, fully reserve all of my rights and claims to fully supplement this Motion. I hereby assert a lack of due process in determining my property rights in this bankruptcy proceeding. I further maintain that the issue of whether my Earn Account assets constitutes property of these estates is not properly before this Court at this time.

/s/ Kulpreet Khanuja
Kulpreet Khanuja
Pro Se Celsius Creditor

VERIFICATION

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge and belief.

Executed on November 10, 2022.

Kulpreet Khanuja, Declarant

Exhibit A

- a. Celsius Account open notification email, confirmation email for first deposit into personal wallet at Celsius, and rates email.

welcome to Celsius! 



Alex Mashinsky <hello@celsius.network>
to me ▾

Fri, Feb 1, 2019, 4:05 PM ☆

Hi there,

I'm Alex Mashinsky, CEO of the Celsius Network. I just wanted to thank you for joining our community.

We're on a mission to bring the next 100 million people into the crypto community.

If you have a minute, we'd love to know how you plan to use Celsius in the future. Do you want to [borrow dollars against your crypto](#), [earn interest on your crypto](#) or send crypto through [CelPay](#)?

If you have any feedback or questions, please be in touch. I would love to hear from you and [please join us on Telegram](#).

Best,


Alex Mashinsky

CEO & Founder, Celsius Network



Celsius Network <hello@celsius.network> Unsubscribe
to me ▾

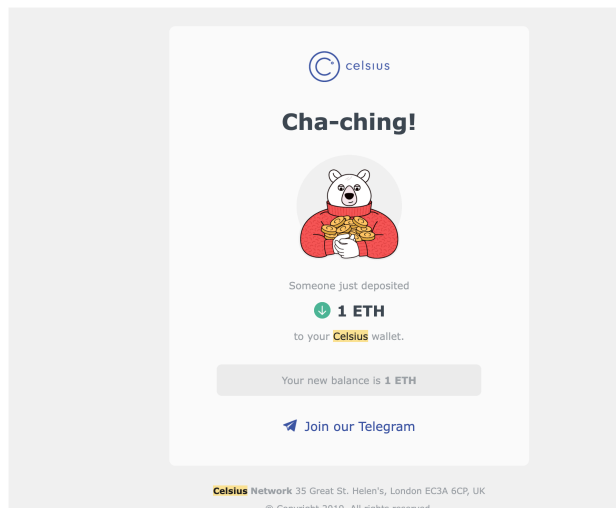
Feb 15, 2019, 2:58 PM

You just received 1 ETH 




Celsius Network <app@celsius.network>
to me ▾

Sat, Feb 2, 2019, 7:20 AM



LTC is earning 7.00%

Forget flowers and chocolates. Nothing says love like passive income. No one loves you more than Celsius Network.



Feb 15

CURRENT RATES

MAKE A DEPOSIT AND START EARNING INTEREST!
(Earn BTC on ETH, ETH on ETH, XRP on XRP, you get the idea.)

LTC	7.00%	USDC	7.10%
XRP	5.10%	GUSD	7.10%
ETH	4.55%	TUSD	7.10%
BTC	4.10%	DAI	7.10%
XLM	3.00%	PAX	7.10%

b. Taxes 2021 - Form 1099 received from Celsius for assets deposited with Celsius.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. CELSIUS NETWORK LIMITED THE HARLEY BUILDING 77-79 NEW CAVENDISH STREET LONDON W1W 6XB UNITED KINGDOM		1 Rents	OMB No. 1545-0115 2021 Form 1099-MISC	Miscellaneous Information
		2 Royalties		
		3 Other income \$18,089.68		
PAYER'S TIN 98-1528554	RECIPIENT'S TIN [REDACTED]	5 Fishing boat proceeds	4 Federal income tax withheld	Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name, street address (including apt. no.), city or town, state or province, country, and ZIP or foreign postal code KULPREET KHANUJA [REDACTED] STAMFORD, CT 06905		7 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale <input type="checkbox"/>	6 Medical and health care payments	
		9 Crop insurance proceeds	8 Substitute payments in lieu of dividends or interest	
		11 Fish purchased for resale	10 Gross proceeds paid to an attorney	
		13 Excess golden parachute payments	12 Section 409A deferrals	
		15 State tax withheld	14 Nonqualified deferred compensation	
Account number (see instructions) NMAWLTYNEOWNRAE2JBWX	FATCA filing requirement <input type="checkbox"/>		16 State/Payer's state no. CT	
			17 State income	

Form 1099-MISC (keep for your records) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

Exhibit B

- a) Celsius emails regarding “how these changes impact you” (in BOLD). Also how my assets were ineligible for Custody account and instead will remain in Earn per regulatory requirements of my state. Email fails to mention (obfuscates) the added risk for Earn account holders over Custody or any such clauses in the new ‘Terms of Use’.
- b) Also there is no mention of the ‘Cease and Desist’ orders from certain states. Instead the email implies that Celsius is working closely with regulators around the works and the changes to the Earn account are being made in consultation with the regulators.



Tuesday, April 12th, 2022

Dear Kulpreet,

Today, we are writing to give our community advance notice of upcoming changes, which will go into effect on April 15, 2022. These changes provide a path forward for our users in the United States to continue holding coins and earning rewards with Celsius.

As we previously have acknowledged, Celsius has been working closely with regulators around the world. It is our intention to be as transparent with our community as possible. More specifically, we have been in ongoing discussions with United States regulators regarding our Earn product.

As a result, there will be changes to the way our Earn product will work for users based in the United States.

Here's how these changes impact you:

- All coins transferred to Celsius by users in the United States prior to April 15, 2022 will continue to earn rewards. Existing coins will continue to earn rewards from April 15th and onward as long as they remain in their Earn accounts.
- Your Celsius account is currently not eligible for the new Custody solution and will have new limitations, due to regulatory requirements in your state.

- New transfers made by non-accredited investors in your state, will not be accepted in Celsius for you to use. You will need to withdraw any new coins from your account.
- Unless you are a verified accredited investor, you will not be able to access Celsius services including Buy, Swap, CelPay and Borrow until we are able to offer Custody in your state. For additional information on how to become an accredited investor, contact us at <https://celsius.network/customer-care> or [read more](#).
- Coins posted as collateral against a loan that was taken prior to April 15, 2022 will be returned to the Earn account and resume earning rewards, once the loan is repaid.

Our team is working to expand your access to our Celsius suite of products and services. We will notify you as soon as it becomes available.

Celsius will never stop advocating for financial freedom and we thank our community for their ongoing support. We will continue to provide updates as we engage with regulators and ensure the delivery of our services to our users globally.

If you have questions or require additional assistance, contact us at 1-866-HODL-NOW (1-866-463-5669). Our Customer Care Center is available Monday - Saturday, from 10AM - 11PM EST or contact us at <https://celsius.network/customer-care>

Sincerely,
The Celsius Team



Friday, April 15th, 2022

Dear Kulpreet,

We are writing to inform you about updates to the Celsius [Terms of Use](#) that will take effect on April 15, 2022.

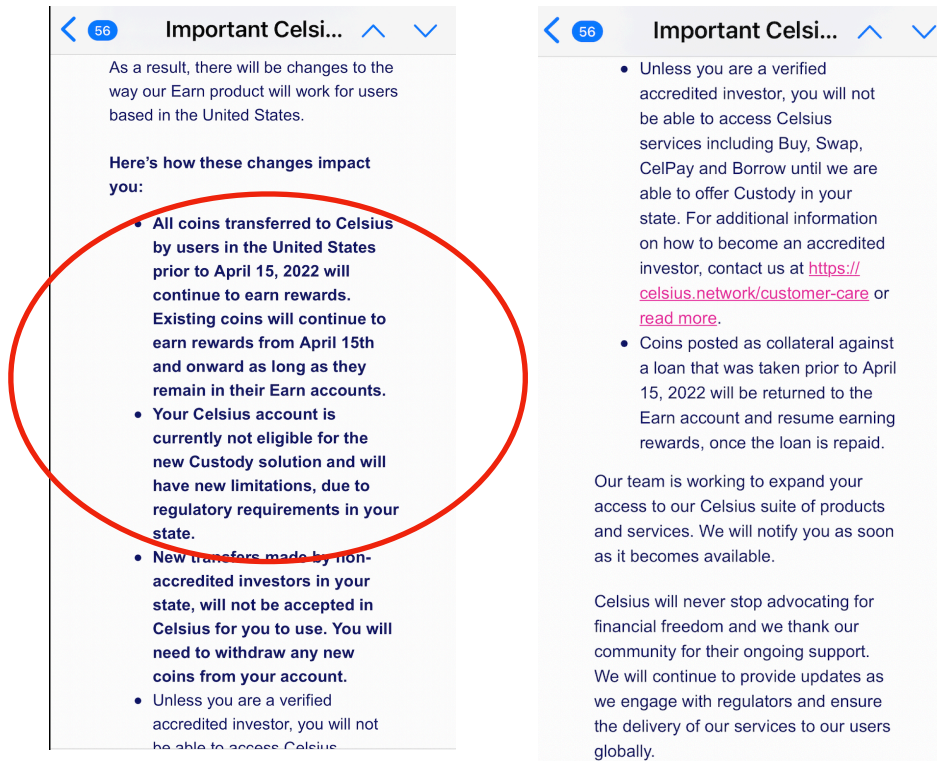
The updates relate primarily to the products and services offered to our US-based clients, including changes to the Earn product and the introduction of a new Custody service. Based on our records, you reside in a state where our Custody service is currently not available, and you will not have access to such service. [Read about the updates on the Celsius blog](#).

We strongly advise you to review our updated [Terms of Use](#). The updated version will be binding and apply to all Celsius users globally, effective as of April 15, 2022. No further action is required.

If you have questions, please contact us at 1-866-HODL-NOW (1-866-463-5669). Our [Customer Care Center](#) is available Monday - Saturday, from 10AM - 11PM EST.

Sincerely,
The Celsius Team

- c) Celsius 'Terms of Use' change email and how the changes impact my account. Email mentions how my assets were ineligible for Custody account and instead will remain in Earn per regulatory requirements of my state.



- d) The Custody FAQ on Celsius' website did not mention any changes from typical Earn account/product.

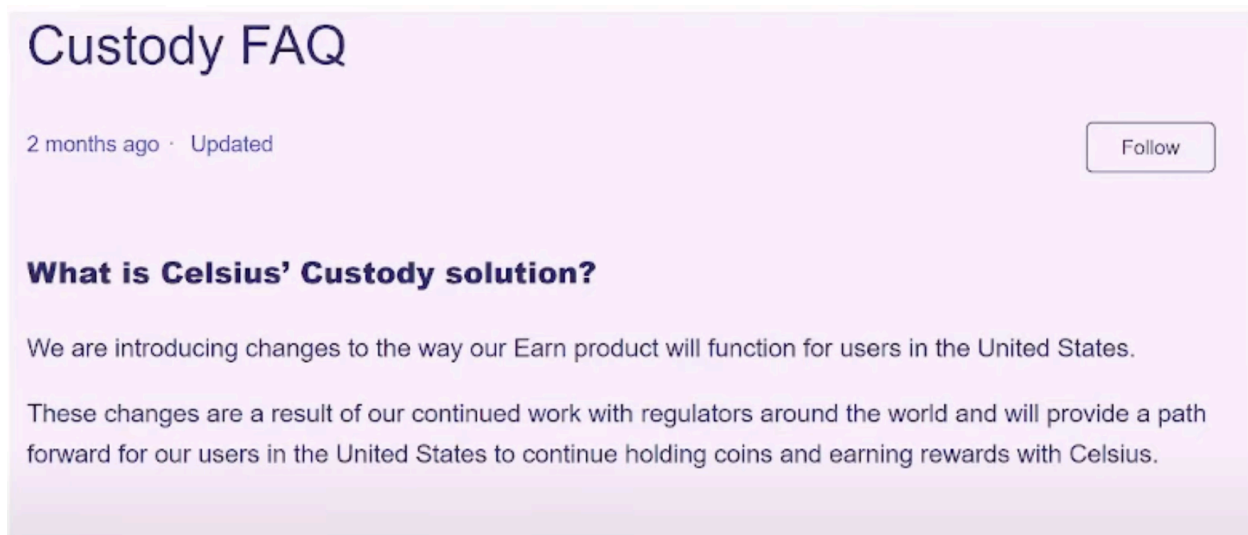



Exhibit C

- a) Address and phone number change requested on May 6th 2022. This was required as withdrawals could not be processed otherwise.
- b) Celsius merged the request with Accredited Investor request on May 10th.

**Kulpreet Khanuja**
to support, me, Kul ▾


May 6, 2022, 12:51 PM ☆ ↶ ⋮

Hi,
Have been an account holder with Celsius since 2019. The address on the account requires change.

Current Address: [REDACTED]
New Address: [REDACTED]

Also update the phone number from [REDACTED] to [REDACTED] Kindly update or let me know if any information is needed from me.


Thanks,
Kulpreet Khanuja
+1 905.872.9099

**Celsius Network** <support@celsius.network>
to me ▾

May 10, 2022, 2:55 PM ☆ ↶ ⋮

##- Please type your reply above this line -##

Your request ([#957314](#)) has been updated. To add additional comments, reply to this email.

**Jasmine Wyche (Celsius Network)**
May 10, 2022, 18:55 UTC

Request [#963513](#) "Accredited investor – Start Ear..." was closed and merged into this request. Last comment in request [#963513](#):

Hello Kulpreet,

We hope this email finds you well as we would love to share opportunities and ways to thrive with Celsius!

We were attempting to reach you via phone to offer the opportunity for you to become an Accredited Investor with Celsius,

To find out more about this service you can read more on our website.

If you're based in the USA and would like to become an Accredited Investor, you need to take the following steps:

1. Verify your status through VerifyInvestor.com, an attorney, or a CPA to issue a document confirming your status.
2. Once you got verified, head to the profile section of the Celsius web application and open the accredited investor portal.
3. Upload your documents of proof that verify you meet the criteria of an accredited investor.

[Please note that such qualifications may be changed in the future and are not determined by Celsius.]

1. Ensure that the documents provided use the same residential and email address associated with your Celsius account.
2. Submit your documents, and Celsius will confirm your accredited investor status upon review.

You can check out our step-by-step video on how to confirm your accredited investor status by clicking on the following link.

Did you know, that a person who holds certain certificates, designations, or credentials, such as Series 7, Series 65, and Series 82 licenses also qualifies as an Accredited Investor?

To read more about becoming an Accredited Investor with Celsius, please click here.

We appreciate you being a part of the Celsius community!

For additional assistance, please reply to this email or simply call us at 1-866-HODL-NOW (1-866-463-5669). We are looking forward to your call.

Best regards and HODL on!
Jeremy Upchurch
Customer Care Expert | Celsius

- c) Followup email to Celsius regarding Contact details change on May 13th.
d) Celsius responded on the contact details change for the first time on May 17th (11 days after the

KKhanuja03 <kkhanuja03@gmail.com>
to Celsius ▾
May 13, 2022, 9:48 PM ☆ ↶ ⋮

What is the status of the address and contact details change? I have been waiting for details to be updated for a while now. Extremely Poor support.

Best,
Kulpreet Khanuja
[REDACTED]

On May 10, 2022, at 2:55 PM, Celsius Network <support@celsius.network> wrote:

Celsius Network <support@celsius.network>
to me ▾
May 17, 2022, 6:13 PM ☆ ↶ ⋮

##- Please type your reply above this line -##
Your request (#957314) has been updated. To add additional comments, reply to this email.

Jasmine Wyche (Celsius Network)
May 17, 2022, 22:13 UTC

Hello Kulpreet,

Thank you for your feedback, We appreciate your point of view, and again would like to apologize for the slow reply.

In order to change your residency address please provide the following in English:

- Your new address in the following format:
 - Country;
 - State (if relevant);
 - City;
 - Street;
 - Flat number (if applicable);
 - Postal Code.

One of the following documents that shows your full name and the address above:

- A copy of a recent utility bill (cannot be older than 3 months) bearing your name and address shown in the account (examples of utility bills we accept are gas, water, electric, phone, cable bill, etc).
- Latest Property or Municipal Tax Receipt;
- A bank statement (cannot be older than 3 months) bearing your name and an exact address.
- An official rental agreement states your name and address – with both Landlord and Tenant signatures (issuing date and expiration must be visible on the document).


Please note: we **cannot** accept mobile phone bills or visas, or stamps in your passport as proof of residence.

We will **not** process requests based on screenshots or low-resolution scans so please provide either electronic statements or high-resolution scans.

Please upload all files to the following secure link: <https://celsius.sendsafely.com/dropzone/app/957314>
* The files are automatically encrypted before upload and are deleted after 30 days.

request was received.)

- c) Address proof shared on May 17th itself and acknowledgement email from Celsius.
- d) Celsius completed the contact details change on June 2nd (almost a month since the initial request and just a few days prior to halting withdrawals.)




Celsius Network <support@celsius.network>
to me ▾

Tue, May 17, 8:05 PM ☆ ↶ ⋮

##- Please type your reply above this line -##

Your request (#957314) has been updated. To add additional comments, reply to this email.




Kulpreet Khanuja
May 18, 2022, 00:05 UTC

New file submission for ticket #957314 from kkhanuja03@gmail.com

<https://celsius.sendsafely.com/receive/?thread=PTGV-KL44&packageCode=3t0b0EoU3s0RetXMwTf7JrXK1q5t8Wn6BASuhP8t1fA#keyCode=blcWizGHYgOSKReHDaDY6nCBUYdEF7bUHKDxhMLLBVs>

NOTE: The sender's email address was not verified. Use caution when opening these files.




Kulpreet Khanuja [REDACTED]
to Celsius ▾

Tue, May 17, 8:06 PM ☆ ↶ ⋮

Please do the needful now. Uploaded the bank statement with the address:

[REDACTED]




Celsius Network <support@celsius.network>
to me ▾

Thu, Jun 2, 5:52 AM ☆ ↶ ⋮

##- Please type your reply above this line -##

Your request (#957314) has been updated. To add additional comments, reply to this email.



Michael Loucaides (Celsius Network)
Jun 2, 2022, 09:52 UTC

Hello Kulpreet,

I hope my email finds you well.

Kindly note that we have updated your residency address to:

[REDACTED]

As a non-accredited investor in the United States, any new transfers to your Celsius account will be held in your Custody account and will not earn rewards.

You will be able to swap, borrow, and transfer within your Custody account based on your local jurisdiction.

If you have any additional questions regarding the above, please do not hesitate to ask.

I hope you have a great day!

Best regards,

Corporate Customer Care | Celsius